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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 001262

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SUBJECT: WINOGRAD INTERIM REPORT SLAMS OLMERT, PERETZ,
HALUTZ, BUT NO IMMINENT SHAKE-UP

REF: TEL AVIV 1257

Classified By: Charge d'Affaires Gene A. Cretz. Reason 1.4 (B/D)

11. (C) Summary/Comment: Channel 10 news reported extensive leaks from the Winograd interim report on the conduct of last summer's Lebanon War late on April 27. These apparently credible leaks have fed a blitz of early commentary (see septel for media reaction). The official text is scheduled for release at a press conference today at 5 p.m. local (septel). While the harshest criticism is reportedly directed at former IDF Chief of Staff Dan Halutz for his arrogance, failures of judgment and refusal to consider alternative military tactics, the report reportedly blasts Olmert and Peretz for serving as "rubber stamps" for Halutz and failing to ask questions or consider consequences. Olmert in particular is said to have "acted hastily" and failed to exercise his responsibilities as PM. In our view, the short-term reverberations of the forthcoming Winograd report will not topple Olmert or his government, but the rumblings of public discontent with Israel's political leadership are unlikely to subside until there are major changes, which could include a cabinet reshuffle after the May 28 Labor primaries, or new elections. End Summary/Comment.

Early Reactions to Winograd Leaks -- Predictable

12. (C) Sources close to Olmert are quoted as saying he will not resign and he is reportedly preparing a public relations campaign to save his position -- a stance that is likely to underscore broadly shared responsibility among cabinet and Knesset members for the Second Lebanon War. Judge Winograd was quoted in the press April 29 as saying that the public should reach its own conclusions whether Olmert should remain PM. The Likud-led opposition, some reserve officers and bereaved families are preparing demonstrations (on May 3) to demand Olmert's resignation. Analysts say the key questions now are the size and sustainability of those demonstrations, the ability of Olmert to justify convincingly his actions to the public, as well as the reaction inside Kadima, where FM Tzipi Livni would have to play a key role in any successful effort to push Olmert out.

13. (C) Pundits are drooling for comments from Olmert rivals in Kadima, but few have come forward publicly aside from unidentified "senior sources," who told Ha'aretz April 30 that the party would push Olmert out by the summer. Livni has been silent, and Housing Minister Meir Shetrit has reserved his criticism for the leakers of the report rather than its content. The Kadima party whip in the Knesset, MK Yoel Hasson, has been proactive in support of the beleaguered party leader, who has called a meeting of Kadima Ministers immediately after the release of the Winograd interim report at 5 p.m. (local). Hasson's legislative aide told poloff April 30 that Kadima Party members will stick together and

back Prime Minister Olmert, at least over the next few weeks, as "the last thing the (Kadima Party members) want is (Likud Party leader) Bibi Netanyahu (to come to power)." Should public fury not subside, Kadima MKs could rally to Livni as an alternative Prime Minister, in his view. The Knesset will likely be convened on Wednesday, May 2, to discuss the report.

Labor Perspectives

14. (C) An adviser to former PM Ehud Barak, Alon Pinkas, commented that the early leaks from the Winograd report over the weekend will make the immediate impact of the formal publication less traumatic than anticipated. But the negative impact of a report that is reportedly extremely harsh on the Prime Minister for "failure" or "recklessness" will not dissipate entirely, in his view, and could widen the gap that currently exists between the Israeli public's desire for new elections and the behavior of the Israeli political class, which, by and large, abjures this path. For Labor Party contender Barak's supporters, the bottom line message from Winograd will be: "experience and knowledge counts." Barak is hoping that Olmert will emerge from the Winograd review "wounded, but not dead," according to Pinkas. This will provide Barak with an entry point as defense minister "for several months at least." Pinkas anticipated little negative bounce from Winograd for Barak's own handling of the Lebanon portfolio in 2000. "Getting out of Lebanon (in 2000) won't be an issue at all." Instead, Barak's cautious response to the October 2000 kidnapping of three IDF soldiers may be juxtaposed with Olmert's "reckless" handling of a similar Hizballah provocation in July 2007. Speaking to

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Channel Ten news on April 29, the other leading Labor Party contender, MK Ami Ayalon, criticized those saying that Olmert should step aside without considering who would take his place, i.e. Netanyahu.

Opposition

15. (U) The National Religious Party/National Union faction leader MK Uri Ariel has submitted a bill calling for the dissolution of the Knesset and early elections on the grounds that the Winograd interim findings and the public mood make new elections essential -- a refrain that echoes earlier calls made by Likud Party Chairman and Opposition leader Binyamin Netanyahu. For the moment, these voices are decidedly in the minority.

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